

# Exhibit 3

1 IN THE UNITED STATES DISTRICT COURT

2 FOR THE NORTHERN DISTRICT OF CALIFORNIA

3 UNLIMITED JURISDICTION

4  
5 ---o0o---

6  
7 PHILIP WONG and FREDERIC CHAUSSY, )  
individually, on behalf of others )  
8 similarly situated, and on behalf )  
of the general public, )

9 )  
Plaintiff(s), )

10 )  
vs. )CASE: 07-cv-2446 MMC

11 )  
HSBC Mortgage Corporation (USA); )

12 HSBC Bank USA, N.A.; HSBC )

Holdings, Inc.; and DOES 1 )

13 through 50, inclusive, )

14 Defendant(s). )

15 )  
16  
17 DEPOSITION OF  
18 JEFFREY NEEDHAM  
19 \_\_\_\_\_  
20 June 5, 2008  
21  
22

23 REPORTER: SHAARON M. SHIGIO, CSR # 12286 JOB 6911  
24  
25

241

1 A. Well, I guess that the -- that particular  
2 discussion with Phil Wong was raised, I believe,  
3 because Philip had raised some concerns regarding that  
4 situation. So the reason for the discussion was -- was  
5 generated because of concerns raised by Philip at the  
6 time.

7 I don't -- certainly, other loan officers have  
8 on occasion not collected a fee, and we've had to get  
9 reimbursed for that fee, the company has. I can't  
10 remember any other specific discussions with others  
11 loan officers. Again, the discussion relative to -- to  
12 Philip was -- was motivated by Philip's concern with  
13 that recollection or collection of that fee.

14 Q. How often does it occur with other loan  
15 officers that you have to collect an application fee on  
16 a failed loan transaction from their paycheck?

17 MR. TICHY: Again, it's really been asked and  
18 answered.

19 THE WITNESS: Again, you'd have to tell me  
20 over what time frame. In general, it doesn't happen  
21 that often.

22 MR. SCHWARTZ: Q. Is this something that  
23 happens, you know, once a month with one of your loan  
24 officers? Once every two months with one loan officer  
25 per pay period? What's your best estimate of how often

1 this occurs, that deductions are being paid against

2 loan officer's wages for these application fees?

3 MR. TICHY: Again, the best evidence is going

4 to be the pay records, and if you can answer it, please

5 do.

6 THE WITNESS: It's difficult for me to give a,

7 you know -- over the length of time I've been with the

8 company and the length of time I've been managing the

9 retail sales force out here, again, any individual loan

10 officer they control that fee collection with that

11 individual transaction. They make a choice to collect

12 the fee from the consumer or not.

13 In some ways, that's how they can control, you

14 know, the pricing of that transaction or the fees paid

15 by that consumer. If they make that personal choice

16 not to collect a fee, it's understood, it's spelled out

17 in the plan, certainly, the -- my expectations of them

18 is that the fees are collected on each and every

19 transaction, because we're incurring fees on each and

20 every transaction.

21 How often that occurs, there could be two

22 loans in one month or no loans for four months, and

23 then three loans in the next month. It's -- it's -- it

24 can vary.

25 MR. TICHY: You about finished?

1 MR. SCHWARTZ: What's that? No, I'm not. I'm  
2 not about finished, but I will be done as soon as I can  
3 be done here.

4 Q. The -- your 2007 draw policy was not published  
5 until March of that year, but it was made effective  
6 January 2007; is that right?

7 MR. TICHY: If you know. If you don't recall,  
8 that's okay too.

9 THE WITNESS: I don't recall exactly those  
10 time frames. I do recall, generally speaking, that  
11 there was some delay in comp plans, and certainly the  
12 draw policy is part of that -- you know, the  
13 distribution of that plan, so I don't recall the exact  
14 time frame.

15 MR. SCHWARTZ: Q. As of -- I'll show you  
16 another document. What are we up to? Exhibit 10 to  
17 the deposition, NKA 1910.

18 [Whereupon, Deposition Exhibit 10, an  
19 E-mail dated 2/23/2007, was marked for  
20 identification.]

21 MR. TICHY: Excuse me for just a second.

22 THE WITNESS: Sure.

23 (Off the record discussion.)

24 MR. SCHWARTZ: Q. Mr. Needham, as of --  
25 looking at this exhibit, as of February 23rd, 2007, you

1 CERTIFICATE OF REPORTER

2

3 I, SHAARON M. SHIGIO, a Certified Shorthand

4 Reporter, hereby certify that the witness in the

5 foregoing deposition was by me duly sworn to tell the

6 truth, the whole truth and nothing but the truth in the

7 within-entitled cause;

8 That said deposition was taken down in shorthand

9 by me, a disinterested person, at the time and place

10 therein stated, and that the testimony of the said

11 witness was thereafter reduced to typewriting, by

12 computer, under my direction and supervision;

13 That before completion of the deposition, review

14 of the transcript {X} was { } was not requested. If

15 requested, any changes made by the deponent (and

16 provided to the reporter) during that period allowed

17 are appended hereto.

18 I further certify that I am not of counsel or

19 attorney for either or any of the parties to the said

20 deposition, nor in any way interested in the events of

21 this cause, and that I am not related to any of the

22 parties thereto.

23 DATED:

24

25 Shaaron M. Shigio, CSR #12286